

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2152 - SB 2098

March 30, 2009

SUMMARY OF BILL: Authorizes corporate entities to file an annual report with the Department of Revenue (DOR) accompanying their annual franchise and excise tax return and imposes an increased fee of \$30 rather than the regular fee of \$20. Ten dollars of the fee for filing the annual report will be allocated to the DOR for administrative costs. The DOR would be required to deliver such annual reports to the Secretary of State.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$342,000/DOR

Increase State Expenditures - \$185,600/One-Time/DOR

\$154,100/Recurring/DOR

Assumptions:

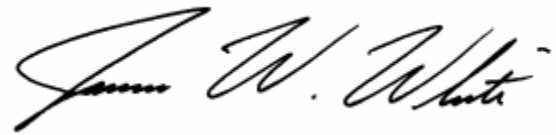
- Only corporations and not LLCs would be affected.
- Approximately 114,000 corporations filed annual reports with the Secretary of State during 2008. Using this number of filings as an average, it is anticipated that there would be this number of filings each year.
- Any increase in fees is dependent on the number of entities that choose to file annual reports with DOR instead of the Secretary of State. It is anticipated that a large number of filers would take advantage of this provision.
- For any entities that choose to file their annual report with their F&E return, the state will receive an additional \$10 fee over the current \$20 annual report fee.
- An estimated 30 percent (34,200) of filers would submit their annual report to DOR and pay the additional \$10 fee.
- The increase in revenue to the DOR is estimated to be approximately \$342,000.
- According to the DOR, a one-time software modification will be required at a cost of approximately \$171,500 (3810 hours x \$45).
- The Taxpayer and Vehicle Services Division would require one Taxpayer Services Rep III (Call Center) and two Taxpayer Services Rep IIs (registration) at a one-time cost of \$14,100 for equipment and furniture

HB 2152 - SB 2098

and recurring personnel costs of \$154,124 (\$81,444 salary, \$53,580 benefits, \$19,100 related expenses).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rct